

VOCATIONAL REHABILITATION SERVICES (VR)

December 6, 2004

WHAT IS VOCATIONAL REHABILITATION SERVICES?

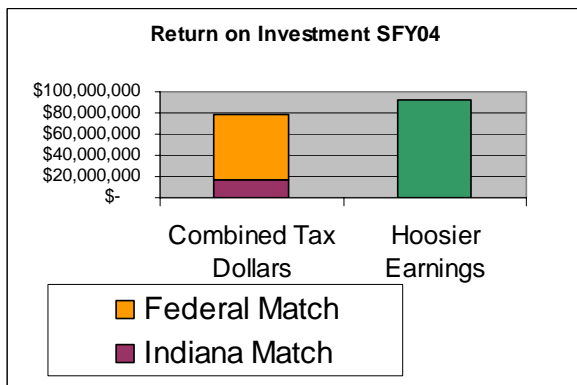
- VR's mission is to assist persons with disabilities to achieve greater independence through employment.
- VR is a State-Federal partnership program established in 1920 to provide return to work opportunities for disabled World War I Veterans.
- VR has evolved into an employment program which serves any eligible Hoosier with a disability who wants to find or return to work.
- VR is an economic development program that returns income and tax dollars to Indiana's economy.
- VR reduces dependency on public assistance.
- VR works in collaboration with a variety of public and private agencies to enhance employment opportunities for Hoosiers with disabilities.

WHO DOES VR SERVE?

- VR serves amputees, persons with mental illness, the developmentally disabled, persons with orthopedic, neurological, vision and hearing impairments and many other disabilities.

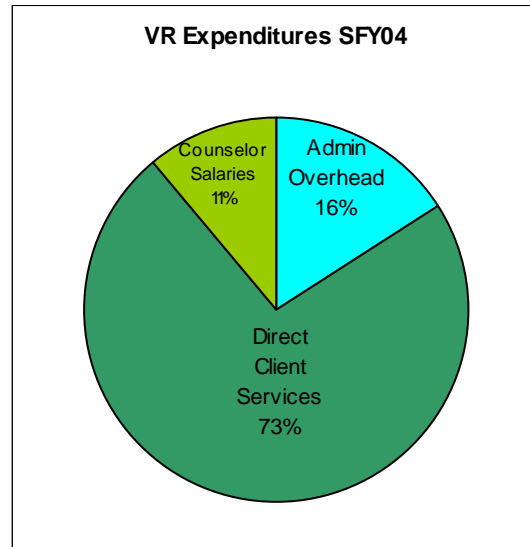
VR VITAL STATISTICS

- VR is funded with Federal (78.7%) and State (21.3%) tax dollars, a very favorable federal match ratio for state dollars.
- For every Indiana tax dollar spent, \$5.59 is returned to Indiana's economy in the first year in the form of Hoosier earnings (a \$1.19 return for every combined Federal/Indiana tax dollar).

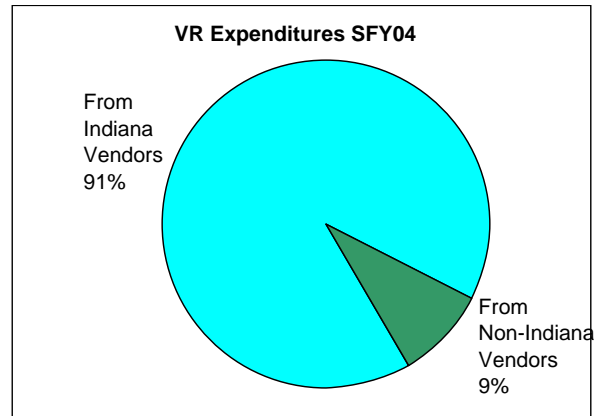


- The return on investment increases exponentially each year as prior years' clients retain employment and new clients enter the workforce each year.

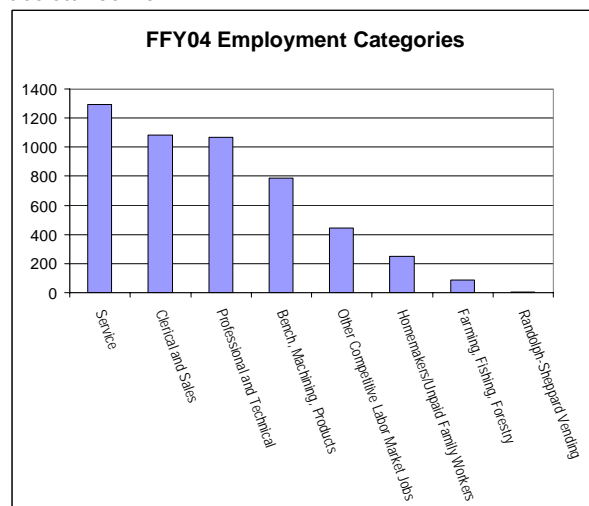
- 84% of the VR budget is spent on direct client services and VR Counselor salaries. Only 16% of VR budget is spent on Administration.



- 91% of VR client service dollars is spent in Indiana via purchases from Hoosier businesses.



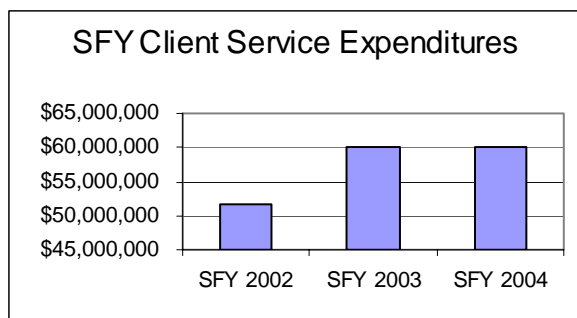
- This FFY alone, 5079 disabled Hoosiers found jobs with assistance from VR.



VR - A FISCAL SUCCESS STORY

FISCAL ACCOUNTABILITY THROUGH APPLICATION OF SOUND BUSINESS PRINCIPLES

- SFY03 VR experienced rampant case service spending growth (16%) concurrent with increased client applications (10 %).
- Spending reductions were needed or Indiana VR clients would be forced to waitlist for services.
- Late SFY03, VR management brainstormed a series of business strategies designed to improve fiscal controls without compromising VR business principles or the quality of client services.
- Fiscal initiatives were dramatically successful; spending growth flat-lined from 16% to 0% in the first year. The graph below shows the increase in expenditures between 2002 and 2003 and the 2004 flat line (zero growth).



FIRST YEAR BUSINESS STRATEGIES

- **Effectively Utilized VR Management Information System (MIS) – Indiana Rehabilitation Information System (IRIS) to Ensure Fiscal Accountability**
 - Developed a series of on-line, real-time reports through IRIS that are available statewide to all VR staff.
 - Used reports to: Analyze trends, identify problem areas, target areas for intervention, implement corrective actions, and monitor results.
 - Mandated regularly scheduled report reviews and follow-up by field staff and management.
 - Created a variety of management team budget monitoring graph reports to use for fiscal forecasting purposes.
- **Performed Fiscal Clean-up**
 - Mandated all encumbrances/payments be reconciled within 90-days of service provision to keep accounting sufficiently current to allow for accurate forecasting.
 - Required management review of all high expenditure and unusually long-term cases to ensure appropriate expenditures.

- Closed out cases that were not making satisfactory progress towards employment. .
- **Provided Fiscal Training to Improve Consistency**
 - Rolled out Fiscal Best Practices manuals and training for VR staff.
 - Delivered IRIS fiscal and management reports training.
 - Emphasized VR as an employment program versus an entitlement program; only services required to achieve employment can be provided.
- **Updated Policy, Procedures & Guidelines**
 - Intensified focus on sound business practices, fiscal accountability, and quality client service provision.
 - Revised several Policy & Procedure Manual (PPM) chapters related to service provision and fee guidelines.
 - Used technology (IRIS) to require Supervisory approval of any encumbrance exceeding fee guidelines to control spending.
 - Established multiple workgroups to research and finalize additional fiscal control strategies and their effect on VR policy.

PENDING BUSINESS STRATEGIES

- Establish Financial Participation policy (economic needs assessment) and implement associated IRIS functions.
- Revise post-secondary spending guidelines and clarify educational institutions' role in provision of support services.
- Implement IRIS functionality to calculate the allowable VR financial contribution for post-secondary attendance in order to reduce potential over expenditures.
- Negotiate with medical service providers to utilize Medicaid rates, versus usual and customary.
- Require supervisory review and approval of all employment plans to assure appropriateness and vocational relevance of services to be provided.
- Implement adaptive technology purchase procedure guidelines and provide staff training to avoid inappropriate expenditures and ensure quality services.
- Implement VR document imaging and retrieval system to reduce hardcopy case file storage and archival costs.
- Continue analysis of payment process to reduce errors and improve fiscal controls.
- Improve quality of employment outcomes (wages, benefits, hours worked).
- Investigate alternative funding sources for Homemaker and Unpaid Family Worker clients.

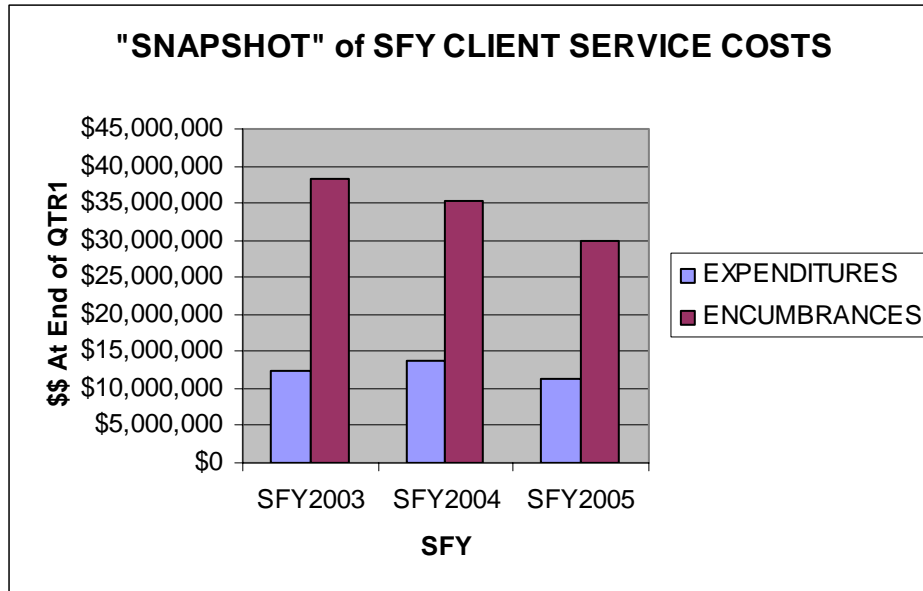
VR PROGRAM INITIATIVES & COLLABORATION

- **Clients, Advocates and Providers** – VR actively communicates with and seeks participation from these partners to improve services and outcomes and to provide input on VR policy and procedures.
- **SSA/Ticket to Work (TTW)** – A SSA program offering financial incentives to VR programs for successfully placing SSI/SSDI beneficiaries in jobs with earnings high enough to result in benefit termination. VR seeks to increase SSA revenue.
- **Medicaid Infrastructure Grant (MIG)** – VR and OMPP are working to coordinate services and utilize grant funds. The purpose of these grants is to establish policies, procedures and programs that will enhance Medicaid recipients' access to employment. Examples of grant usage include:
 - Employment Leadership Group (ELG)** – consortium of employment service providers working to increase outreach to SSI/SSDI beneficiaries desiring employment.
 - Benefits Information Network (BIN)** – group working to expand the capacity of the SSA Benefits Counselors who advise SSI/SSDI recipients about TTW and the impact of earnings on benefits.
 - Business Leadership Network (BLN)** – employers working with State government and providers to increase employment opportunities for the disabled. Employers take the lead role with government providing support.
- **VR/DWD Collaboration Workgroup** – A team of VR and DWD managers working to expand opportunities to share costs and resources via co-locating, sharing T1 lines, joint training, and data sharing.
- **School-to-Work** – A collaborative effort of VR, DOE, IIDC/IU, and others, working to facilitate the transition of disabled students from secondary school to employment.
- **Johnson & Johnson / Dartmouth College** – A collaboration between VR and DMHA to increase access to and quality of supported employment for adults with severe mental illness.
- **Results Based Funding (RBF) / Performance Based Placement (PBP)** – A pilot effort between VR, Mental Health Centers (MHCs) and Community Rehabilitation Programs (CRPs) to shift from hourly to outcome-based payments. A TTW milestone was added to encourage MHCs and CRPs to successfully employ SSI/SSDI beneficiaries at or above SGA.
- **Adaptive Technology (AT) Workgroup** – A group of representatives from many public and private entities with the goal of improving client access to technology while eliminating unnecessary expenditures. The group is taking a comprehensive look at issues associated with AT that includes staff training, professional consultation, provider credentialing, VR policy, and procedures.
- **Training Academy** – VR initiative to coordinate and share training programs, resources and costs and to eliminate or reduce duplication. This group includes INARF, DMHA, RCEP, DWD/LLI, IIDC, SECT.
- **Supported Employment (SE) Follow-Along** – VR/BDDS joint initiative to improve coordination of funding for SE Follow-Along services for the most significantly disabled. VR provides SE services until employment is established and stabilized; BDDS provides SE Follow-Along services to ensure that employment is retained. Currently there are insufficient BDDS funds to support the volume of VR SE clients being served. This is a major issue that will likely require legislative intervention to resolve. Funding is only part of the problem. It will take a concerted effort to move current funding away from segregated sheltered employment programs to programs that support individuals in community-based settings.

VR SUMMARY

- VR is undergoing a period of intense change on many fronts: policy, procedure, fiscal accountability, management and supervisory responsibility, service delivery, collaborative efforts, and MIS utilization.
- VR recognized and acted on a need to improve efficiencies, clarify policies, and streamline procedures with the ultimate goals of enhancing service delivery, improving employment outcomes and addressing budget constraints.
- Much has been accomplished in the last year to improve fiscal accountability and to control budget expenditures. The graphs below indicate continued improvement in spending trends.
- Much remains to be done. There are still many opportunities for improvement, as indicated by the pending business strategies that are under way but not yet implemented and the many collaborative efforts in progress.

SFY2005 Qtr1 Expenditures and Encumbrances are down from SFY2004.



The dot-dash line represents the full available client service budget amount, including all funding sources. The top three lines represent client service encumbrances and the bottom three lines represent payments. The 'triangle' represents the state budget ceiling and the monthly amount if budget were evenly distributed throughout the year. The chart shows that encumbrances were reduced in SFY2004 and are substantially reduced in SFY2005. Payments flatlined at SFY2003 amounts in SFY2004 and are currently within budget for SFY2005.

